

Message Text

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13

ORIGIN TRSE-00

INFO OCT-01 AF-10 ISO-00 EB-07 L-02 CIAE-00 INR-07 NSAE-00

RSC-01 COME-00 OMB-01 (ISO) R

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DRAFTED BY: TRSY:OS:MFEINBERG

APPROVED BY: EB/IFD/ONA:RRYAN

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R 111822Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

UNCLAS STATE 271553

E.O. 11652: N/A

TAGS: EFIN

SUBJ: TAXATION OF MOTION PICTURE ROYALTIES

1. AMERICAN MOTION PICTURE EXPORT COMPANY (AFRICA),
INC. HAS COMPLAINED TO TREASURY LONG STANDING FAILURE
OF NIGERIAN TAX AUTHORITIES TO HONOR INCOME TAX CONVEN-
TION.

2. TREATY WITH NIGERIA (U.S.-U.K. TREATY AS EXTENDED
TO NIGERIA IN 1958 AND CONTINUED IN FORCE BY NIGERIA
AFTER INDEPENDENCE) PROVIDES IN ART. VIII FOR EXEMPTION
IN SOURCE COUNTRY FROM WITHHOLDING TAXES FOR ROYALTIES
PAID TO RESIDENTS OF THE OTHER COUNTRY. ROYALTIES ARE
SPECIFICALLY DEFINED TO INCLUDE PAYMENTS FOR USE OF

OR RIGHT TO USE MOTION PICTURE FILMS, OR FILMS OR TAPES
FOR RADIO OR TELEVISION BROADCASTING.

3. SINCE 1970, U.S. FILMS HAVE BEEN DISTRIBUTED IN
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NIGERIA BY AMERICAN MOTION PICTURE EXPORT COMPANY

(NIGERIA) LTD., A NIGERIAN COMPANY, (WHOLLY OWNED
SUBSIDIARY OF AMERICAN MOTION PICTURE EXPORT COMPANY
(AFRICA), INC., A DELAWARE CORPORATION) WHICH PAYS
ROYALTIES TO ITS U.S. PARENT CORPORATION. ALTHOUGH EXEMPT
UNDER TREATY, ROYALTIES ARE SUBJECTED TO 40 PERCENT WITH-
HOLDING TAX. (NOTE: TREATY DOES NOT AFFECT NIGERIA'S
RIGHT TO TAX INCOME OF NIGERIAN COMPANY).

4. IRS (U.S. COMPETENT AUTHORITY UNDER TREATY) HAS RAISED
QUESTION WITH NIGERIAN OFFICIALS WITH NO EFFECT.

5. EMBASSY IS REQUESTED, IF IT PERCEIVES NO OBJECTION,
TO TAKE QUESTION UP WITH APPROPRIATE FMG OFFICIALS AND
REPORT. EMBASSY MAY ALSO WISH TO INQUIRE OF AMERICAN
BUSINESS REPS IN NIGERIA AS TO WHETHER OTHER NIGERIAN
OBLIGATIONS UNDER THE TREATY ARE BEING HONORED (E.G.,
REDUCED WITHHOLDING RATES ON DIVIDENDS). INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Disposition Date: 01 JAN 1960
Disposition Event:
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Drafter: TRSY:OS:MFEINBERG
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